

TAB 1



NATIONAL MANAGER . . . JOHN GIOVANNI

Model Legislation

We scored a major hit with the racing package signed into law by New York Gov. Mario Cuomo July 2. One of the provisions authorizes the creation of a not-for-profit corporation to be called the New York Jockey Injury Compensation Fund, Inc.

The Jockeys Guild was solidly behind this legislation. We felt it was important for a number of reasons.

One of the biggest problems is when jockeys get hurt there is not enough money coming in for them to exist. They have no alternative but to sue; and there are more and more law suits all of the time. Litigation does not require up-front money because lawyers take cases on a contingency basis. They sue an owner, sue a trainer, sue a racetrack; they don't care, they're out to collect money for their clients and themselves.

When this happens, the cost of insurance goes up. Win or lose, the cost of litigation affects premiums.

In the states in which workers' compensation is in effect, it must be purchased by both the owner and the trainer and it must cover the jockey. It is extremely expensive.

But there is a way to provide the coverage for jockeys and exercise riders and it can be done inexpensively. The New York legislation proves that.

The Omnibus Racing Bill provides for a workers' compensation fund that makes all jockeys and all exercise riders employees of the fund. The cost to participate is estimated to be between \$150 and \$175 per year per owner and per trainer. Everyone who races in the State of New York pays into the fund. It makes no difference if he has one horse or 100, starts once or 100 times, the cost remains the same.

The coverage provides protection for every licensed jockey and every licensed exercise rider who is injured at the racetrack.

I am told that, right now, owners and trainers are paying 8.5 percent of their total payroll for workers' compensation coverage. You don't have to be a mathematical genius to figure out \$175 is a great savings.

Another benefit is that jockeys and exercise riders are guaranteed coverage. Before the legislation, say a trainer has 10 horses and one of them is a pretty bad actor that his exercise rider cannot handle. So the trainer hires a freelance exercise rider and that rider gets hurt. How is he covered by workers' comp under the system? He's not. He is considered an independent contractor with no coverage. His only recourse is to sue for liability.

Another prime example is Michael Venezia. Michael was killed in a spill at Belmont Park in the fall of 1988. The owner he rode for, and the trainer he rode for, both complied with the laws and regulations; they had both purchased workers' compensation coverage that

specifically stated the jockey was covered.

Michael's widow applied for the benefits under that policy but her claim was denied by the insurance company. The company said even though the policy stated the jockey was covered, the coverage includes only jockeys who are employees and Michael, in the opinion of the insurance company, was not employed by either the owner and/or trainer; he was an independent contractor. As such, he was not eligible for any benefits.

To this day, the case is still in litigation but we have every reason to believe Mrs. Venezia will prevail.

When you analyze this situation, you see all of the wasted dollars. The owner and the trainer, by regulation, are forced to purchase coverage, but the insurance companies refuse to pay the benefits any time they can avoid it. When they refuse to pay, the result is litigation. Ultimately, the insurance company bills the cost of the litigation back to the owners and trainers who they are ripping off in the first place.

The New York legislation precludes all of this from happening. It provides the coverage at a very reasonable rate for the horsemen. It provides the protection necessary for the jockeys and exercise riders and does so at a very reasonable rate.

And most important, it precludes unnecessary litigation. All that is necessary to collect the benefits is to prove you have been injured at a racetrack. The accident can be witnessed by one other person or 50,000.

We are very proud of our accomplishment in New York. We worked very, very hard. I would like to say a special thanks to Brian Meara, our lobbyist; and to Martin Minkowitz, our lobbyist/attorney, who authored of the legislation. They worked tirelessly and their efforts are greatly appreciated.

We now have a model piece of legislation, a model law, that we hope to take to every other racing state in the United States.

NEW MEMBERS

June 1990

Michael G. Barnes
Omar A. Berrio
Eli John Clemens
Wendy Karen Dean
Angel R. Felix
Nathaniel J. Hubbard
Anthony W. Locke
Pedro G. Mercado
Frank Olivares
Efrain Ortiz
Jacquelyn Ranallo
Eduardo E. Rojas (reinstated)
Mario O. Vasquez

THE JOCKEY NEWS

is published by The Jockeys' Guild, Inc.
for and about its members.

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John Giovanni
National Manager/Secretary
Edward Maple
Vice President Eastern Section
Jerry Nicodemus
Vice President Western Section
Larry Snyder
Vice President Central Section
Patrick Day
Treasurer

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Gary Baze
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Kenneth Hart
Christopher McCarron
Jerry Nicodemus
Laffit Pincay
Gary Stevens

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TAB 2

**SURVEY OF SUPPORT
FOR AFFILIATION OF THE GUILD
WITH A NATIONAL LABOR ORGANIZATION**

The undersigned members of the Jockeys' Guild, Inc. declare that they support the affiliation of the Guild with a National Labor Organization that will strengthen the ability of the Guild to negotiate contracts with other parts of the racing industry that provide decent benefits and income to jockeys. As a labor organization on its own, the Guild has done much to improve the lives of jockeys. We believe that the time has now come to take the next step and join with a larger and stronger labor organization that can provide jockeys additional power at the negotiating table and additional leverage in state legislatures.

We therefore authorize the Executive Committee to enter into discussions with interested labor organizations to develop a plan for the affiliation of the Guild with a larger union and to report to the membership when they have reached a proposed agreement with an appropriate union that will best represent jockeys. I understand that this survey is non-binding and for informational purposes only.

[illegible]

TAB 3

TAB 4

SUMMARY OF POINTS DECIDED
AT EXECUTIVE BOARD MEETING
APRIL 2 & 3, 2001

1. The recent changes in the Guild's programs require a substantial increase in the quantity and quality of communication with the membership about the challenges and opportunities facing the Guild and its membership. We will make use of the membership communication committee established at the 2000 annual meeting.
2. The Guild operating budget (not including any investment earnings) for the first part of 2001 is expected to experience a loss of \$321,803 because of the adverse experience in the first 3 months of the year. The budget for the last 9 months with the new insurance programs shows a surplus of \$142,000 for a net loss for 2001 on operations of \$170,671.
3. The Board received a report on the COBRA benefits being offered to all members previously covered with Guild health insurance effective April 1, 2001. The MONTHLY cost is \$283.25 for single coverage and \$640.09 for family coverage. The premium must be paid each month on the first day of the month and can be paid in advance. There is a 30 day grace period. If someone fails to pay the required monthly premium within the 30 day grace period, their insurance will be automatically cancelled. They will not receive any written reminders of the obligation to make the monthly payments. COBRA eligibility lasts for a maximum of 18 months.
4. Effective April 1, 2001 those Guild members paying dues of \$20 per year plus \$3 per month will be entitled to the insurance coverages set forth on the attached sheet.
5. To address the problems of inadequate revenue which caused the termination of the Guild's health insurance plan, the Executive Committee decided upon the following program:
 - A. Intensify efforts now underway in several states to obtain legislative funding like in California and Delaware so that the Guild can once again institute a program of insurance.
 - B. Increase the Guild's ability to gain legislative relief and improve our clout at the bargaining table with the industry by exploring affiliation with a larger national labor organization.
 - C. Improve the functioning of the Guild by bringing in a management consultant to review the policies and procedures the Guild utilizes to fulfill its mission.

6. To improve the cost efficiency and effectiveness of the Guild staff and in recognition of the need for all participants in the Guild to share the problems associated with the funding crisis, the Employee Pension Plan is frozen. All managers and staff will no longer be able to earn benefit credit under this plan. The cost to managers is as much as \$14,000 per year. The staff will now also contribute to the cost of their medical insurance.
7. The Board strongly felt that changes need to be made in the manner in which the Guild operates and approaches the rest of the industry. After a long discussion of the Guild's operations, the Committee unanimously voted to express their confidence that National Manager John Giovanni would be able to lead the Guild through the changes that needed to be made. The Board also voted to retain the current managers with the direction that spending and travel policies be tightened up considerably to ensure that member's dollars are being well spent. The Committee also voted to require managers to periodically report to the Committee summaries of their activities on behalf of the Guild.
8. As noted above, the Committee discussed at length the advantages and disadvantages of affiliating with a national labor organization. The consensus was that there were many advantages and the Committee intends to continue to explore this possibility.
9. The Committee received a report from a lawyer who has previously represented the Major League Baseball Players Association and discussed the steps we would need to take to achieve the level of unity among riders in our industry that the baseball players were able to utilize to obtain huge increases in benefits and salary from major league baseball. The Committee discussed specific strategies to dramatize the need for relief for jockeys and resolved to investigate the subsidies given to organizations representing other sectors of the industry such as trainers, owners, breeders etc. We intend to develop a program of the benefits we could offer to members if we had the same level of support from the industry.
10. Committee members summarized their sense of the meeting as

Highly constructive

The Guild is taking all necessary steps to stream line and improve the operations of the Guild

We are looking into affiliating with another labor organization.

We are making the substantial changes in the Guild's programs to allow it to continue as the voice of jockeys in the world of racing
11. With respect to Life Insurance for \$3 members, the Committee decided that a new

member would be entitled to \$25,000 and to the new standard benefit of \$100,000 after 100 mounts. For retirees, the insurance offered will be \$10,000 for all retirees and the disabled will continue to be eligible for \$15,000 life insurance. The current practice of \$10,000 for clerical employees and \$25,000 for managers will be continued.

12. The Committee discussed the finances relevant to the Delaware and California Plans that are continuing. The Delaware Plan will be amended so that in addition to the \$3 mount fee, a participant, member or non member, will need to pay \$600 per year for single coverage and \$1200 per year in family coverage.
13. The Committee recommended that a committee of California riders be established to consult on the terms of the California plan. The Committee is recommending that the benefits be brought in line with the costs of that plan and that our consultants be asked to review the plan and suggest appropriate changes. For the long term, we will also need to obtain additional legislative funding.

TAB 5

Confidential

NOTICE OF ACTION BY WRITTEN CONSENT WITHOUT
MEETING OF EXECUTIVE COMMITTEE OF BOARD OF DIRECTORS
OF JOCKEYS' GUILD, INC.

NOTICE IS HEREBY GIVEN that on the ____ day of June 2001, the undersigned members of the Executive Committee of the Board of Directors of the Jockeys' Guild, Inc., agreed to by conference call and confirmed by facsimile transmission the following actions:

1. All current employees are hereby terminated, effective immediately. Terminated employees are encouraged to submit an application for reemployment.
2. All employees shall continue to receive their respective wages for a period of two weeks. Severance packages will be provided for employees not rehired as soon as practicable.
3. Employee severance packages will be based upon contracts previously approved by the executive committee; relevant labor laws; length of employment; previous level of compensation; and the absence of any violation of Federal or State laws or regulations. Cooperation provided by each employee during the transition period will be considered in determining any additional amount awarded.
4. All former employees are no longer authorized, to the extent they had authority to speak for, authorize expenditures of, issue or cash checks, collect obligations due, pay liabilities of, or take any action of any kind on behalf of the Jockeys' Guild, and shall immediately cease and desist representing that they can act on behalf of the Jockeys' Guild.
5. All banks shall be notified that the existing accounts are closed effective immediately, and that distinctive new commercial and other accounts shall be opened forthwith.
6. All former employees shall relinquish all Jockeys' Guild property in their possession, including all Jockeys' Guild books, records, and ID pins, telephones, computers, and peripherals, and credit cards.
7. Matrix Capital Associates, a California Corporation, is hereby appointed as the manager of Jockeys' Guild affairs, subject to the Articles and Bylaws of the Jockeys' Guild, with instruction to take possession of the leased premises in Lexington, Kentucky and all properties of the Jockeys' Guild wherever located. Matrix Capital Associates shall be authorized to act on behalf of the Jockeys' Guild as it deems appropriate, collect all moneys due, open bank accounts, and take actions on behalf of the Jockeys' Guild consistent with the Articles and Bylaws of the Jockeys' Guild.

Dated: June 15, 2001

Dean Kutz

Jerry Bailey

Chris McCarron

Anthony Black

Mike McCarthy

Robert E. Colton
Robert Colton

Larry Melancon

Pat Day

Tomey Jean Swan

000447

TAB 6

Posted on Guild Office Door

6/18/01

Attention Employees of Jockeys' Guild

Last week, Mr. John Giovanni, National Manager of Jockeys' Guild, Inc., announced his decision to retire. According to the unanimous decision by the Executive Committee of the Board of Directors of Jockeys' Guild, Inc., of June 15, 2001, Mr. Giovanni's retirement becomes effective immediately. Guild's offices will remain closed until further notice.

All current employees are terminated effective immediately. Terminated employees are encouraged to submit written applications for reemployment.

All employees will continue to receive their respective wages for a period of two weeks. Severance packages will be provided for employees not rehired as soon as practicable. Cooperation provided by each employee during the transition period will be considered in determining any additional amount awarded.

All former employees are no longer authorized to take any action of any kind on behalf of the Jockeys' Guild and must relinquish all Jockeys' Guild property in their possession (keys, books, records, ID pins, telephones, computers, peripherals, et. al.) Building management will gladly collect any items to be returned to the Guild.

Former employees will not be allowed into the Guild's offices; any contact with the interim management team should be made over telephone or in writing via mail or fax. Personal effects of former employees not rehired will be shipped to addresses they provide to the interim management team.

Thank you for your cooperation.

Jockeys' Guild, Inc.
250 W Main St., Suite 1820
Lexington, KY 40507
Telephone: 859-259-3211
Fax: 859-252-0938

TAB 7



June 19, 2001

Dear Fellow Guild Members:

I am so pleased to report to you that on Friday, June 15th, 2001, the Executive Committee of the Guild's Board of Directors voted unanimously to accept John Giovanni's retirement and agreed to hire Matrix Capital Associates, Inc. to manage the business affairs of the Guild.

As you know, the Guild stopped paying for health and medical benefits for all its members and families on April 1st, 2001. Since then, I have accelerated my efforts to help resolve this disastrous situation. It has been a tough year for us; we lost health insurance coverage and suffered severe financial losses. But please remember, it was the Guild that fought for ambulances on the track, the implementation of safety rails, and the receipt of riding fees through the office.

The Guild was built on a dream several decades ago, and the only way for us to fulfill that dream is to stay together. We **NEED** your support; **please stay in the Guild.**

Matrix Capital is staffed with the most competent, talented, and professional personnel I have ever met. However, they cannot solve the Guild's problems alone. Together, with your support and participation, we can restore health benefits for all of our families and, eventually, create a pension plan.

In closing, please join with me and the rest of the Board in pursuing the Guild's dream. Now is the time to stop cursing the darkness and light a candle.

Thank you,

Chris McCarron
Jockey's Guild Director and Executive Committee Member

- P.S. 1: Please share this letter with your family, and tell every fellow jockey that you can; **WE MUST STICK TOGETHER.**
P.S. 2: Please post this in the Jockeys room where ever you ride.

TAB 8

To: The Executive Committee
Fr: Pat Day
Re: The Written Consent Without Meeting

I have reviewed the proposed Notice of Action by Written Consent without meeting of the Executive Committee of the Guild. As written, I cannot sign it since I have many questions about the direction this resolution would take the Guild and the treatment that would be given to the many fine employees who have served the guild for many years. I believe that others on the Executive Committee also share my reservation.

In studying the Bylaws of the Guild, I realize that our telephone conference on June 15, 2001 was not a properly called meeting of the Executive Committee since neither I nor anyone else received the written notice of the meeting which is required by Article VI section 10 of the Bylaws. I believe the proposed resolution recognized this by stating that it was to be done by written consent without a meeting. Unfortunately, this type of action requires unanimous written consent of all of the members of the Executive Committee. Obviously, the resolution does not have unanimous written consent and is therefore not a binding resolution.

I strongly believe we need to have a clear statement of what we will be doing over the next months. As it is currently drafted, we are handing over all of the property of the Guild to a corporation we know nothing about. This could impose substantial legal liability upon the officers of the Guild if that money is mishandled. We need to put in place proper legal protection before any of this takes place. In the meantime, that resolution is void and Matrix Capital Associates is not appointed to any role in the Guild.

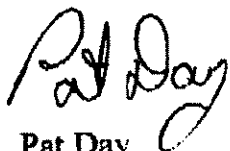
As President, I am therefore calling a special meeting of the Executive Committee of the Board of Directors for Wednesday at 8:45 pm on June 20, 2001. The agenda of this meeting will include the following issues:

1. Should the proposed written consent be adopted, rescinded or amended?
2. What protection must be put in place before any property of the Guild is placed under management of any outside entities?
3. Which employees will be terminated, if any, and what severance benefits will be paid to any terminated employees?

F 02

You may attend at my home at 14703 Isleworth Court, or by calling in the following conference call number 1-800-860-3035 (Jockey's Guild). I am mailing this notice to each member of the Committee on Monday, June 18 to ensure that the proper written notice is given.

Sincerely Yours,

A handwritten signature in cursive script that reads "Pat Day".

Pat Day
President

PD/sd